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## I. Accounting

### A. General Ledger

1. The Town shall maintain a general ledger consisting of various funds and account groups in accordance with the Commonwealth of Massachusetts Revised Uniform Municipal Accounting System (UMAS).
2. Each fund shall consist of a balance sheet with revenue and expenditure control accounts, a revenue ledger and an appropriations ledger.
3. A chart of accounts shall be maintained by the Accounting department for all balance sheet, revenue and expenditure accounts. Such chart of accounts shall be in accordance with the UMAS structure and such budgetary needs as determined by the various boards and departments of the Town.
4. Journal entries shall be posted into the general ledger by the Accounting department for the following types of transactions:
  - Commitments for various receivable accounts.
  - Abatements to various receivable accounts.
  - Transfers to tax lien and tax title accounts.
  - Transfers and transactions between funds.
  - Re-allocations of expenditures between accounts.
  - Entry of the annual budget, budget transfers, supplemental appropriations.
  - Transfer from deferred revenue to revenue accounts.
  - To establish fund balance reserves, encumbrances and other designations.
  - Error corrections subsequent to posting.
  - Year end closing and audit entries.
5. Each journal entry shall be numbered, dated and contain a narrative description of the purpose of the entry. The supporting documentation shall contain reference to the journal entry. Copies of such entries shall be maintained in a journal for future reference.
6. The general ledger accounts shall be reconciled as follows:
  - a. All cash accounts shall be reconciled to the Treasurer's office on a monthly basis by the 20th of the following month.
  - b. All receivable accounts shall be reconciled to the Collector's office on a monthly basis. The reconciliation shall show each receivable account by levy year for property and excise taxes and total balances for sewer, tax title and lien accounts. A separate report with detail of outstanding balances shall be provided for Industrial Sewer and other departmental receivables.
  - c. Revenue and expenditure accounts shall be reconciled to the control accounts. This is performed automatically by the computer but should be periodically checked to assure that there are no system errors.
  - d. Deferred revenue accounts for all funds shall be reconciled to the receivable accounts on a monthly basis.
  - e. Payable and payroll withholding accounts shall be checked periodically and not less than semi-annually to determine that the balances are properly clearing.

- f. Budget accounts for revenue and expenditures shall be reviewed monthly to identify any unusual activity or predict potential budget shortages. Any such potential shortages shall be reported to the Board of Selectmen through the Town Administrator.
  - g. All funds should be checked to be sure they are in balance.
  - h. Balances in special revenue funds shall be reported to the various departments, and those departments shall reconcile the activity and balances to their internal records.
  - i. Interfund transfers and receivable/payable accounts shall be reconciled where applicable.
  - j. Appropriation balances shall be reconciled to the tax recap and Town meeting minutes.
  - k. All accounts shall be reviewed analytically from time to time for reasonableness and to identify unusual activity.
7. The Accounting department shall have sole access to the general ledger for the purpose of making entries into the ledgers.

#### **B. Reports and Corrections**

- 1. The Accounting department shall distribute expenditure reports to the various departments and boards on a monthly basis. In addition, summary budget reports will be distributed to the Selectmen, Town Administrator and Finance Committee on a monthly basis. Each department is responsible for making the appropriate report distributions within their own department.
- 2. The monthly reports will be on a line item basis with detail provided upon request. Any necessary revisions shall be made by submitting a journal entry request to the Accounting department. The Accounting department shall make changes only through journal entry listing the reference and reason for the entry.
- 3. Any errors in payments made through the warrant shall be corrected by voiding the incorrect check and reissuing a correct check. Any correction resulting in a larger payment shall require an approved warrant.
- 4. Departments shall have the responsibility to review reports and promptly bring errors or questions to the attention of the Accounting office. Reports shall be reconciled monthly, where applicable, to other records or information retained by the individual department. Any differences shall be promptly reported to the Accounting department.

#### **C. Year End Closing**

- 1. The Accounting office shall coordinate with the other departments and in particular the Treasurer/Collector and Sewer Departments to assure a proper end of year cut-off.
- 2. The Treasurer/Collector shall run detail receivable lists for all receivables and the timing of commitments and receipts coordinated with the Accounting office. No entries for commitments, receipts, abatements or other adjustments shall be entered into the accounts receivable system for the new fiscal year beginning July 1st until year end detail reports are run (normally two to three days after year end).
- 3. Credit balances must be identified and investigated. If they are not part of the detailed reports they must be summarized for comparison to general ledger accounts. Tax title records, which are not on the computer system, shall be summarized and listed by taxes, liens, betterments, interest and costs.

4. The Treasurer/Collector shall advise the Town Accountant of the last receipt entries posted into the collections system and included in deposits for the closing fiscal year. Any unposted items for unidentified receipts must be resolved and posted prior to closing.
5. Sewer commitments shall be reported to the Town Accountant based on the date posted to the receivable system.
6. Departments shall be given instruction for the deadline of submission for all bills payable out of the fiscal year about to be closed. The deadline for all encumbrance and carry-over balances shall also be established.
7. Encumbrances may be made for any purchase commitment that has been appropriated but not completed at the end of the year. The encumbrance shall be supported by a purchase order or contractual agreement executed prior to the close of the fiscal year. Carry-overs are automatic for any special articles for projects that have not been completed by the end of the fiscal year.
8. Prior to closing, trial balances shall be printed and reconciling procedures as described above shall be applied to all accounts. Year end closing entries to fund balance accounts shall be made where appropriate. Other adjustments shall be made as necessary and final trial balances of all accounts shall be printed.
9. Year end reports shall be distributed to all boards and departments for their review and approval. When all approvals have been obtained and all accounts adjusted a complete detailed general ledger shall be printed for all funds. The detailed general ledger shall be compared to the trial balances for consistency. The detailed general ledger and supporting trial balances shall be retained in the Accounting office for future reference.
10. Finally, copies of the balance sheets, revenue report, expenditure reports and detail of all account activity for all funds shall be printed and bound for permanent retention.
11. Closing entries for revenue and expenditure accounts are automatically performed by the computer system, but the Accounting department shall make the necessary entries to allocate revenues and expenditures to the appropriate fund balance for special revenue, capital project, enterprise and trust funds. The beginning balances brought forward into the new fiscal year shall be compared to the final balance sheets to assure the system has closed correctly.

#### **D. Invoice Processing**

1. Departments will submit invoices for payment by 3 pm on Wednesday for payment on Thursday of the following week.
2. Payments should be made from original invoices. Prior balances can not be paid unless the invoice(s) for the prior balance is provided.
3. For each invoice the department must:
  - a. Verify that the charges are valid, the item/service has been received in good order, no sales tax has been added, and all calculations are correct.
  - b. Determine the appropriation account to be charges and write the full account number towards the bottom center of the invoice, making sure not to place the information on a remittance area.
  - c. If important information (customer account numbers, vendor name) is ONLY shown on the remittance portion, make a copy of the bill and submit it with the original. Since this information needs to be retained, if you do not provide one, there will be no remittance section available to go with the check.

- d. For reimbursement of out-of-pocket expenditures, attach the receipt to an 8 ½ by 11 sheet of paper, write "Reimburse (Name of Employee)" on the sheet, and treat this as the invoice.
  - e. For reimbursement to Petty Cash, attach the receipt to an 8 ½ by 11 sheet of paper, write "Reimburse Petty Cash" on the sheet, and treat this as the invoice.
  - f. Record each invoice on a Departmental Bills Payable sheet and verify the total amount.
  - g. Complete the Departmental Bills Payable sheet, inputting the department name and the total amount due.
  - h. The Schedule of Departmental Bills Payable must be signed by the Department Head or an authorized designee and contains verification by the Department Head that all applicable procurement requirements have been met.
4. Prior to creation of the warrant the Town Accountant shall review all invoices for payment on the upcoming warrant. The review includes the following procedures:
    - a. Determination that the charge is allowable and reasonable.
    - b. Verification that the account being charged is appropriate.
    - c. Assurance that the purchase was bid if applicable.
    - d. Payment is being charged to the proper fiscal year.
    - e. Proper authorizations have been obtained.
  5. The Town Accountant or designee may approve an invoice for payment only when there is a valid appropriation available or in the case where appropriation is not required by statute such as revolving funds and grants. In such cases available balance must be on hand unless exempt by statute such as certain grants. Otherwise, the Town Accountant shall not approve for payment any invoice which overdraws an account.
  6. Invoices are charged to the fiscal year based on the date that the liability to pay was incurred. No invoice may be charged to a subsequent fiscal year if the goods or services were delivered in a prior fiscal year unless it is clear that the goods were intended for use in the subsequent fiscal year. The Town Accountant may hold the books "open" a reasonable amount of time in order to assure that all bills of a current fiscal year are paid.
  7. Any invoice submitted subsequent to that date for a prior year shall be considered an "unpaid bill" subject to approval at a Town meeting authorizing payment. Unpaid bills may be approved at a Special Town Meeting by a 9/10's vote or at an Annual Town Meeting by a 4/5ths vote.
  8. In any case where the Town Accountant disallows an invoice for payment due to unavailability of appropriation or other reasons the Town Accountant shall notify the Treasurer, Town Administrator, Board of Selectmen and the department head in writing of such disallowance.
  9. The Town Accountant shall process all invoices for the week and create a warrant listing all approved invoices to be paid by 5:30 PM each Monday (or Tuesday in the event of a Monday holiday). The Town Accountant shall sign all warrants for payment prior to the transmittal of such warrants to the Selectmen for approval. The Town Clerk may sign warrants in the Town Accountant's absence.
  10. The Town Accountant will print checks and check registers and transmit the data electronically to the bank.

11. Signed warrants and the warrant folder containing the invoices and remittance advices are sent to the Treasurer's office for payment.

#### **E. Payroll Processing**

1. Payroll is maintained by the Accounting department. The system maintains a data base of employee information used to create the payroll. The data base consists of such items as pay rates, marital and deduction status, eligible employment benefit deductions and sick and vacation time eligibility. Entries into the data base shall be made by accounting department personnel only based on written information provided by the Selectboard, other Board, Commission or elected employee eligible to make personnel decisions or the employee.
2. Payroll information is submitted by each department weekly. This information includes employee number, employee name, pay rate, hours worked and accounts to charge. The Town Accountant enters this information into the payroll system and runs an edit reports to compare generated data to the data provided by the departments.
3. Once the edit sheets are verified the payroll is run and a warrant is produced. The payroll system shall not allow a payroll transaction which overdraws an appropriation account. The Accounting department may override the system to allow the transactions where authorized to do so by statute.
4. The payroll warrant is signed by the Town Accountant (or the Town Clerk in the absence of the Town Accountant) submitted to the Board of Selectmen for approval.
5. Checks are then created by the Town Accountant and a check register is produced. The checks are given to the Treasurer's office for review, signature, and distribution.
6. The Town Accountant creates and electronically transmits direct deposit information. Direct deposit notices are given to the Treasurer's office for distribution.
7. Checks for payroll deductions are created as part of the warrant process.
8. A copy of the check register, labor distribution and warrant are filed by date.

#### **F. Voided and Reissued Checks**

1. Checks may be voided from time to time due to various reasons. Checks may be replaced for voided checks that have already gone through the warrant process without further approvals.
2. Checks that are voided and not replaced shall be added back to the cash book as if they were receipts from outside sources. The account charged for the original check shall be credited for the amount of the voided check. If a check is voided related to a prior year the amount shall be taken in as miscellaneous receipt.
3. Voided checks are retained where possible.

### **II. Treasurer/Collector**

#### **A. Billings**

The Town generates bills for various revenue sources. The bills are posted to and maintained on receivable systems as part of the Town's computer system. The types of bills maintained on the computer system include:

- Real and Personal Property Taxes
- Motor Vehicle and Other Excise Taxes
- Sewer

- Parking Tickets

There are other services that may be billed manually but are not maintained on the Town's receivable system. These include various departmental receivables, particularly Police Outside Details.

## 1. Real and Personal Property Taxes

- a. Real and personal property tax bills are based on valuation data created in the Assessor's office. The valuation data is transferred to the receivables system by data processing. The receivables system generates the tax bills. A commitment is prepared based on the tax bills printed by data processing.
- b. The Collector's office should prove the total of the bills to the commitment prior to mailing. This can be accomplished by comparing the total amounts from the billings summary to the commitment report.
- c. Tax bills are mailed with semiannual due dates. The following dates shall be recommended for the generation and mailing of real and personal property tax bills.
  - i. Preliminary semiannual bills shall be mailed on or about July 1st.
  - ii. Actual semiannual bills shall be mailed when the tax rate is set.
- d. The tax bills shall be due and considered delinquent at the following dates:
  - i. 1st half preliminary on October 1st
  - ii. Actual bills either April 1st or May 1st depending when tax rate is set and bills are mailed
- f. Interest at the rate of 14% shall be charged on all real estate and personal property bills paid after the delinquency date. Demand notices shall be mailed on any unpaid bills after April 1st or May 1st and shall be mailed no earlier than 15 days after the due date. The demand notice shall include accumulated interest, a \$5 demand fee and such other costs and fees as allowable under statutes.
- g. Currently, the tax titles are not on the Town's computer system. The Treasurer's office shall compare the listing of tax titles at September 15th to the actual amounts removed from the tax receivables system to verify accuracy. A report of amounts transferred to tax title including the distribution between principal balance, interest and costs shall be made to the Accountant.
- h. The Treasurer's office shall maintain a receivables listing of tax titles by year of taking and shall maintain control accounts summarizing monthly transactions to the tax title accounts. The detailed balances of the listing shall be compared to the control accounts at least quarterly one of which is at the close of the fiscal year.
- i. Tax titles shall be identified as an application to be computerized and the Town shall make all efforts to accomplish this when feasible.

## 2. Motor Vehicle Excise

- a. Motor Vehicle Excise bills are created from data provided by the Commonwealth of Massachusetts. The 1st billing of a fiscal year shall be mailed no later than April 15th. Subsequent billings are made throughout the year based on data provided by the Commonwealth. Bills shall be mailed within 15 days of receipt of the data from the Commonwealth.
- b. Demand notices will be mailed 30 days after the due date of the excise bill and shall include a \$5 demand fee. Interest accrues at the rate of 12% after the due date.

- c. Within 30 days the Town shall issue warrant notices and service warrants for the collection of past due accounts. After the 30 day period the Town shall mark the past due amounts with the Registry of Motor Vehicles. The Town may engage an outside Deputy Collector for this process where beneficial.

### 3. Utility Billings

- a. Sewer bills are created by the Collector's office. (See separate section on Sewer Billings.) The Collector's office relies on the various water departments for water usages to create the bills.
- b. Residential sewer bills are issued semiannually. Billing cycles for commercial and institutional billings vary and may be performed monthly, quarterly, semiannually or annually.
- c. Commitments and billing registers are provided to the Collector's office on a monthly basis. The Collector's office shall compare commitments to billing registers to assure accuracy.
- d. Transfers from the utility billing system to the tax lien system are performed by the Assessors and Data Processing. A detailed description of that process is found in the section on Water and Sewer procedures included in this manual. The Collector's office should compare the amounts added to the tax bills to the listing of liens transferred to assure accuracy.

### 4. Parking Tickets

- a. All new tickets, billing information and enforcement activities are carried out at the Police Department.
- b. All parking tickets unpaid after 30 days are sent to the deputy collector for collection.

## **B. Receipts and Collections**

Receipts are brought into the Treasurer/Collectors office through various means.

- Through the mail
- Over the counter
- Departmental turnovers
- Electronic transfers directly to bank accounts

There are two primary ways of processing receipts depending on whether they are committed receivables or receipts for other accounts. Receipts for committed receivables are primarily scanned thorough the system. On occasion receipts are not transmitted with a scannable document included.

Receipts that are not committed are processed through separate batches by a clerk in the Collector's office for entry into the cash book.

Receipts that are subject to interest, demands and other costs shall be applied based on the following priority basis.

- a. Interest, costs and demand fees.
- b. Utility liens and tax titles.
- c. Real estate or personal property tax balance.

### 1. Mail Receipts

- a. The clerk opening the mail shall first compare the amount transmitted to the accompanying documentation to verify if the amounts agree. Any differences should be noted at that time. Receipts obtained through the mail must be sorted as to committed receipts and other receipts.



- b. The money shall be separated from the transmittal documents and batched by a clerk. The money will be placed into the cash drawer and the transmittal documents placed aside to be processed. The money and transmittal documents related to receipts other than committed receipts are processed for entry into the cash book.
- 2. Over the Counter Receipts
  - a. Each clerk takes receipts over the counter. The documents will be compared to the receipts and any discrepancies resolved at that time. The money will be placed into the cash drawer and the documents either scanned or manually entered where applicable.
- 3. Departmental Turnovers
  - a. Departments shall turn over receipts to the Treasurer's office from time to time and not less than weekly. All departmental receipts shall be accompanied by a completed Schedule of Departmental Payments to Treasurer (turnover). The clerk receiving the money in the Treasurer's office shall count the receipts and sign all three copies of the turnover. Two copies will be returned to the person turning in the receipts. One of these will remain with the Department and the second shall be given to the Town Accountant. The third copy of the turnover sheet together with the receipts shall be given to the Treasurer to post such receipts into the cash book. The Turnover sheet shall identify the account(s) to be credited, a narrative description of the receipts and the name of the department submitting the receipts.
  - b. Departments shall establish procedures to safeguard the collection and remittance of receipts. Where practical, a receipting system shall be utilized such as pre-numbered receipt forms.
  - c. The person collecting the receipts for a department shall remit the money together with the receipt documents to another individual in the department who shall verify the money count and compare to receipt totals. Discrepancies shall be resolved at the time of remittance. The department's receipts shall be logged into the cash book on a daily basis. The amounts received shall be submitted to the Treasurer's office not less than weekly.
  - d. The Town Accountant shall periodically, but not less than once per year, perform site visits to the departments to audit the receipts process as required by state statutes. Reports of such audits shall be made in writing and submitted to the Town Administrator along with recommendations for improving receipt procedures.
- 4. Wire Transfers
  - a. Wire transfers are accompanied by a remittance advice that provides information for posting into the system and shall be given to the Treasurer to post such receipts into the cash book.
- 5. Cash Out Procedures
  - a. Clerks shall cash out daily to be completed by noon of the subsequent day. The amount in the cash drawer shall be compared to the batch totals and any differences identified and any discrepancies shall be resolved at that time.
  - b. A deposit slip will be prepared in duplicate and a copy attached to the edit report of transactions supporting the deposit. The other copy of the deposit slip will be transmitted with the deposit.
  - c. The edit reports of transactions shall be retained in a file in date order. The same procedures apply to the clerk responsible for non-committed receipts. In order for the deposit totals to equal the edit reports all transactions will have to be identified and entered into the system prior to completing the process.

- d. In no event shall any Town employee enter receipts into the computer system or deposit money other than the clerks in the Treasurer/Collector's office.
6. Postings
- a. The clerks responsible for combining the batches and preparing the deposit slips shall check the account distributions for reasonableness and post the transactions to the receivables system. Data entered to be posted to the Town's general ledger shall be transmitted to the Town Accountant to be edited and posted by that department.
  - b. The Treasurer/Collector's office shall maintain a log of all entries posted into the receivables system and amounts transmitted to the Accounting office for posting. The log shall list the date, amount and nature of the receipt entries.
  - c. All deposits shall be made to bank accounts specifically designated for that purpose.

### **C. Bank Accounts**

- 1. All Town money shall be deposited and maintained by accounts in the custody of the Treasurer. The bank accounts shall be established in banks that meet the highest rating standards using the triple green rating as determined by the Veribanc service or a similar rating company.
- 2. Bank balances need not be fully insured or collateralized as long as the depositories meet the rating standards although accounts should be collateralized and insured to the maximum amount feasible.
- 3. Town money may be invested to provide the maximum investment rate using the guidelines and criteria established by state statute or by Town policy if such policy is established.
- 4. The Treasurer shall maintain separate accounts for designated depository accounts, zero balance accounts for vendor and payroll and such other separate accounts as may be established by state statute or grant agreements. All other Town monies shall be pooled to obtain the maximum interest possible.
- 5. Certain cash balances are required to retain their own interest in accordance with state statutes or grant agreements. This is a requirement even if the funds are pooled with other money to maximize investment earnings. The Treasurer's office shall keep track of such earnings and credit the proper accounts as necessary. In the absence of specific requirements, all investment earnings are credited to the general fund.

### **D. Warrant Processing**

- 1. Warrants are submitted by the Accounting department to the Board of Selectmen. Once approved, warrants are submitted to the Treasurer's office. The checks shall be compared to the warrant to determine that all payments have been accurately processed.
- 2. The signature plate shall be retained in a locked and secure location. Access to the signature plate shall be given only to authorized individuals in the Treasurer's office.
- 3. One copy of the check register shall be retained in a file for future reference. One copy will be kept by the Accounting office.

### **E. Voided and Reissued Checks**

- 1. Checks may be voided from time to time due to various reasons. Checks may be replaced for voided checks that have already gone through the warrant process without further approvals. Voided checks are to be reissued through the Accounts Payable system by the Accounting department.

2. Checks that are voided and not replaced shall be added back to the cash book as if they were receipts from outside sources. The account charged for the original check shall be credited for the amount of the voided check. If a check is voided related to a prior year the amount shall be taken in as miscellaneous receipt.

#### **F. Checks Returned for Insufficient Funds**

1. When checks are returned for insufficient funds the Treasurer shall re-deposit the checks to see if they will clear. If they do clear the payer shall be contacted to reimburse any returned check charges incurred by the Town. In the event that the check is returned a second time the Treasurer shall notify the payer that their check has been returned and shall notify the Town Accountant and respective department for reinstatement of the receivable if applicable. The returned check will be recorded on the cash book and the receivable or revenue account will be debited as applicable. The returned check charge shall be added to their receivable account. The returned check shall be sent to the appropriate department for collection.

#### **G. Cash Reconciliations**

1. The Treasurer shall maintain a cash book which lists the activity for each bank account. Activity includes receipts, warrants and transfers between accounts.
2. The receipts shall be entered from the log which ties out to the transaction edits discussed earlier. Warrants shall be entered from the warrant book retained in the office. Transfers between accounts must always be in balance and reflect both the accounts transferred from and to.
3. Each account shall be individually reconciled to the bank balance on a monthly basis. Such reconciliation shall be completed by the 15th of each month. The reconciliation's shall also include the vendor and payroll accounts even though they are zero balance accounts. The balance in the bank must equal the outstanding checks at the end of any month.
4. The Treasurer shall also reconcile cash with the Accountant's department. For this purpose monthly schedules (Cash books) will be prepared for general town cash and each enterprise fund. The cash books will list the balance at the beginning of the month in total, the receipts, the warrants and the balance at the end of the month. This schedule shall be submitted by the 15th of each month. Transfers between bank accounts within each cash book need not be listed as they do not affect the total balance.
5. The beginning and ending balances should reflect all bank accounts except trust funds. Receipts should tie out to the receipts log of receipt edits and the warrants shall agree with the warrant book. A copy of the schedule shall be provided to the Town Accountant on a monthly basis.
6. Trust fund activity shall be reported quarterly on a schedule showing, for each trust fund, beginning balance, revenues, expenditures, transfers, and ending balance. This shall be provided to the Town Accountant for reconciliation to the general ledger.
7. Accounts shall be reconciled by the 20th of the month subsequent to the one being reconciled.

#### **H. Receivable Reconciliations**

1. The Collector's office shall maintain control accounts by levy year for all taxes and residential sewer accounts maintained on the Town's computer system. Other receivable accounts are not maintained by levy year. The control accounts shall consist of the following items:
  - Balance at the beginning of the month
  - Commitments
  - Receipts
  - Abatements

- Refunds
  - Adjustments
  - Balance at the end of the month
2. The control account activity for all receivable accounts shall be submitted to the Accounting office on a monthly basis by the 15th of each month. If necessary, the Collector's office shall provide the detail supporting any of the elements of the control activity to the Accounting department. This supporting detail may be obtained from information contained in the Collector's office or by requesting a detail printout from data processing using the receivables data base as the source.
  3. Periodically, and not less than quarterly, the Collector's office shall cause a detailed receivable list to be printed of all prior year receivable accounts by levy year for taxes and excises and in total for current year taxes and water and sewer. One of these lists shall be printed at June 30, the close of the fiscal year.
  4. A detailed list of credit balances shall be printed monthly, by levy year for all receivable accounts for property and excise taxes and for water and sewer receivables which are not maintained by levy year. All such credit balances shall be resolved by adjustment, correction or refund each month, or identified as prepaid amounts.
  5. The Collector's office shall compare the detailed list to the control account balances. If the balances disagree, a summary report of transactions shall be requested from Data Processing using the receivables data base as the source of information. The summary report activity shall be compared to the control account activity and differences noted.
  6. Once the differences are identified a detail of transactions for that period will be printed from the same receivables data base. The detail from the receivable data base will be compared to the detail of the control account activity for the same periods and specific transactions will be identified and resolved.

#### **I. Security**

1. The Treasurer/Collector's offices shall be secure to public access at all times.
2. Confidential records as well as overnight money storage shall be maintained in a locked vault storage area. Access to the vault area shall be limited to authorized Treasury/Collection staff.

#### **J. Utility Billings**

1. Billings
  - A. The supervision and control of the sewer billing process shall be under the direction of the Treasurer/Tax Collector. This shall include resolving customer inquiries regarding billing and payment issues. Collection of water use data upon which the bills are based is performed by the local water districts and sent to the Treasurer/Tax Collector for entry into the computer based billing system. Questions relating to individual bills, water usage and requests for sewer abatements are answered by both the Treasurer/Tax Collector's office and the Water Pollution Control Facility (WPCF) office.
  - B. Water meters are read by the water districts on a semiannual basis and the data is supplied to the Town Treasurer/Tax Collector. The winter readings are used to generate both halves of the sewer billing period. Certain industrial customers are billed on a monthly basis as reports are provided to the WPCF as required by the Town's Industrial Pretreatment Program. A number of other industrial and some commercial users are billed quarterly based on readings taken by WPCF employees or called in to the WPCF. Water meter readings are based on mechanical devices that pick up water flow. These meters are read by water district employees and those employees verify meter readings as necessary. The water districts note higher than normal readings and notify the

customer. The water district clerical staff is responsible for inputting readings, researching exceptions, and making corrections. Any such corrections are provided to the Town for revision in the sewer billing process. Reference can also be made to the Town Sewer Use Regulation, section IX Billing Practices, which are generally reflected above.

- C. The Treasurer's office shall then print and mail the bills. Commitments will be reported to the Accounting and Collector's offices.
- D. The clerical staff shall input the information into the computer system and create a scannable bill. Manual bills will not be permitted. The additional bills will create a supplemental commitment which shall be added to the regular usage commitments and submitted to the Accounting and Collector's offices.
- E. The clerks shall maintain a log of commitments noting the date billed, the route or supplemental commitment information and the total amount. Copies of the log shall be provided to the Accounting and Collector's offices at the end of each month.

## 2. Receipts

All receipts for Sewer billings shall be entered and processed by the Collector's office.

## 3. Adjustments

- A. The Treasurer's clerical staff shall make adjustments into the system as needed for the following reasons:
  - Adjustments to estimated bills
  - Abatements
  - Corrections
  - Re-establish receivable for bad checks
  - Refunds
  - Reclassifications
- B. All adjustments shall be entered onto a standard adjustment form. The Treasurer/Tax Collector shall approve all adjustments in advance of entering into the system. All abatements must be approved by the Sewer Commissioners at their regular meetings.
- C. The Sewer office shall transmit all adjustment information to the Accounting and Collector's office on a monthly basis indicating the date, the amount and the nature of such adjustments.

## 4. Lien Processing

- A. Delinquent Sewer bills shall be transferred to the tax lien accounts on an annual basis. The criteria used for inclusion on the list will be all accounts delinquent for 60 days or more.
- B. The customer will be sent a demand letter which includes the balance due, accumulated interest and a demand fee. The customer shall be given 14 days in which to pay the bill, after which a lien will be placed on the account.
- C. A new list will be run as of November 1st which includes any customer that has not paid or made alternative arrangements by that date. Concurrently, data processing shall perform a data transfer to the tax billing system for all customers included on the list. Data Processing shall produce a printout of accounts added to taxes which will be compared to the list of accounts identified at November 1st.

- D. The Accountant and Collector's offices shall receive a copy of the list of amounts added to taxes and a copy of the amounts removed from the Sewer billing system. The list of amounts removed from the sewer system shall identify the delinquent balance as well as the interest balance transferred. The list added to taxes will include the delinquent balances, interest and any other fees or costs added to the lien.
  - E. In order to facilitate the lien process a cross reference of property tax identification numbers to sewer identification numbers shall be run. The exceptions shall be investigated and resolved at least twice per year one of which is prior to the transfer of liens to taxes.
5. Internal Reporting Requirements

Monthly reports of operating revenues and expenditures shall be distributed to the Sewer department by the Town Accountant's office. The reports shall be reviewed and analyzed by the office manager and submitted to the Superintendent and Commissioners. Areas of concern shall be identified with suggestions for remedial action. Any revisions or exceptions shall be reported to the Town Accountant by the end of the month in which the report is received.

### III. Purchasing

#### A. General

1. Each department shall make purchases of materials, supplies and services for their own departments subject to certain approvals and bidding requirements. Purchases may be made by various authorized individuals in each department based on the following criteria:
  - The purchase must be allowable in accordance with state statutes.
  - An appropriation must be available to cover the purchase.
  - Proper authorization from a department head must be obtained.
  - Where applicable, bids will be obtained in accordance with state statutes.
2. All of the above criteria must be met prior to placing the order for goods or services.
3. Each department shall make all efforts to combine purchasing needs with other departments to seek the most favorable prices. Departments shall take advantage of the state bid list and such other cooperative purchasing agreements as are available to obtain the most favorable pricing terms.

#### B. Procurement

1. Purchases of goods and services will be made in accordance with Chapter 30B of the Massachusetts statutes.
2. The Department Head making the purchase should comply with the following instructions:
  - a. Determine what you need to buy. If you can reasonably expect your purchases for a particular service or good to be over the threshold for good business practices during the course of the fiscal year, you should follow the relevant procurement procedures. For example, if you know you need 15 computers at \$500 each, you cannot purchase them separately to avoid obtaining 3 quotes. Be sure you can justify, with a good business reason, the practice of small, frequent purchases from one vendor (e.g. product has a brief shelf life or price fluctuates wildly.)
  - b. Write a purchase description. This assures there is no discrepancy in what is told to each vendor from whom bids are solicited. Include:
    - A detailed description of the goods or services required
    - Quantities required
    - Schedule of performance

- Delivery terms
  - Payment terms
  - Insurance or other special requirements
2. Estimate the cost of your needs. This step only begins the process. The contract price, not your estimate, determines the procedure to follow. If you go through the phone quote procedure and the lowest bid is \$25,000 (or current threshold), then you must do a formal bid. If, after investigation, the cost of the good or service is over \$5,000 (or current threshold), you must obtain three phone quotes.
  4. Solicit phone quotes or written quotes and document the information on the procurement data form by completing the Three Price Quote Tally Sheet.

#### C. Quotes

1. When 3 quotes are required, specifications shall be documented to verify that all vendors receive the same information.
2. Specifications and responses including the contact person shall be retained in the files at each department for a period of at least six years. The documentation shall be made available to the Accounting department on request.

#### D. Bids and Proposals

1. Bids or proposals must be publicly advertised and a Request for Proposal (RFP) or an Invitation for Bids (IFB) must be prepared by the Department Head making the purchase and submitted to the Chief Procurement Officer for approval. The Chief Procurement Officer will then forward the RFP or IFB to Town Counsel for legal review before publishing the document. The Chief Procurement Officer shall be responsible for assurance that all documents have been created and that all requirements have been met for each bid. Copies of all bid documents including vendor responses, evaluations and award determinations shall be retained in the office of the Chief Procurement Officer for a period of at least six years.
2. The Chief Procurement Officer will assist the Department Head in negotiating any additional terms and conditions with the contractor or vendor that are not documented in the RFP or IFB after which a contract will be prepared. The Chief Procurement Officer will then obtain legal review of all contracts before execution and prepare two copies of a written contract signed by the vendor. All information from the purchase description (3.A #2 above) will be included. A copy of the executed contract shall be provided to the Town Accountant.
3. The Chief Procurement Officer shall be responsible for assurance that all documents have been created and all requirements have been met for each bid. Copies of all bid documents including vendor responses, evaluations and award determinations shall be retained in the Chief Procurement Officer's office for a period of at least six years.
4. The Chief Procurement Officer may by written notification to the Board of Selectmen and Inspector General's office delegate the duties of Chief Procurement Officer to designated individuals in other departments. In such cases the Chief Procurement Officer shall quarterly review bid documents at those departments to verify compliance with bidding procedures.
5. A log of all bids shall be maintained by the Chief Procurement Officer. The number and total dollar value of the bids shall be recorded. The number of bids reviewed for documentation at designated departments shall be recorded together with the results of such reviews. A report of the quarterly reviews shall be submitted to the Town Administrator for submission to the Board of Selectmen.
6. For specific bidding requirements refer to Chapter 30B of the Massachusetts General Laws and other publications issued by the Inspector General's office.

E. Purchase Orders

1. Purchase orders may be created by the individual departments as needed.

F. Contracts

1. State statutes require contracts to be executed for all purchases in excess of \$5,000. The Chief Procurement Officer shall sign all contracts verifying that the contract was bid as required and the Town Accountant shall sign all contracts verifying that there is appropriation available to fund the contract. The Town Accountant shall retain a copy of all contracts, including personal service contracts, executed within the Town.

G. Capital Assets

1. A Capital Acquisition and Disposition (CAD) (Appendix G) form must be completed and submitted to the Town Accountant for purchases of assets that must be inventoried or capitalized according to the town's Capital Asset Policy (Appendix C).
2. A copy of the CAD must be maintained in the department for the life of the asset.
3. Upon transfer, trade-in, sale, or other disposal of an asset, the appropriate section of the CAD copy kept by the department shall be completed and the form submitted to the Town Accountant.

H. Disposal of Surplus

1. Disposal of surplus supplies and equipment shall conform to the Town's Surplus Disposal Policy as shown in Appendix #C

Policy Approved  
July 2, 2012

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Christopher Boutwell, Chairman

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Patricia Allen

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Mark Fairbrother



## Appendix A

### TOWN OF MONTAGUE RECEIPT POLICY

#### Receipt Process

Only town employees shall receive, process, transport, or otherwise handle any monies received on behalf of the town. Payment by check is to be encouraged.

Payments received by departments or officers of the town must be submitted to the Treasurer using a receipt form as outlined below.

Any payments received that are not submitted to the Treasurer on the day received must be secured overnight in a locked area (desk drawer, file cabinet, safe). Use of a portable cash box is not sufficient; the cash box itself must be secured properly.

Payments shall be submitted to the Treasurer at least weekly.

When submitting receipts to the Treasurer's office, the employee must stay in attendance at the window until the transaction is completed.

Wherever possible, pre-numbered receipts, permits, etc. should be used. The department must maintain an accounting of the pre-numbered items.

Cashing personal checks from cash received or petty cash is prohibited.

Receipt forms shall include a notation of the total cash and total checks received.

#### Receipt Form

1. When submitting receipts, complete the form # and date at the top of the form.
2. Fill in the payee (name of person making the payment), receipt type (fees, permit, etc) and amount of money received. Cash and checks are shown in separate columns.
3. Verify the total amount received as well as total cash and total value of checks.
4. Print three copies.
5. The employee submitting the money must sign each copy of the form to certify the accuracy of the information. **A name stamp may not be used.**
6. All three copies of the receipt form must accompany the receipts to the Treasurer's office. The Treasurer's staff will verify the amounts listed to the amount remitted and sign all three copies of the receipt form.
7. One copy stays with the Treasurer.
8. One copy goes to the Town Accountant.
9. The final copy stays with the department for their records.

Voted by Board of Selectmen on January 14, 2002

**TOWN OF MONTAGUE  
CAPITAL ASSET POLICY**

**Last Amended 6/4/12**

- 1.0 Purpose:  
To provide consistent application of methodologies for the valuing and reporting of fixed assets, including infrastructure.
- 2.0 Capital Assets are divided into asset classes comprised of land, land improvements, buildings, building improvements, equipment (including software), vehicles, furnishings and infrastructure. Infrastructures are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.
- 2.1 Each item will be treated individually for determination of capitalization.
- 3.0 Definitions of Asset Classes
- 3.1 Land – real estate exclusive of land improvements and buildings
- 3.2 Land Improvements – parking lots, sidewalks, fencing, initial landscaping and similar items
- 3.3 Buildings – a structure with walls and a roof
- 3.4 Building Improvements – roof replacement, carpet replacement, major repair or replacement of HVAC systems, electrical systems, and plumbing and similar items
- 3.5 Equipment – a device or system (such as a computer) that performs or helps to perform a task. Examples of Public Works equipment are backhoes, front-end loaders, and pumps. Examples of other equipment are phone systems, computers, printers, industrial vacuums and similar items
- 3.6 Vehicles – automobiles
- 3.7 Furnishings – furniture, lamps, library books and similar items
- 3.8 Infrastructure – roads, bridges, street lighting systems, water and sewer systems, drainage systems, easements, dams, canals and similar items
- 4.0 The Town of Montague shall assume zero salvage value for all capital assets.
- 5.0 The Town of Montague shall use straight-line depreciation with a half-year convention. Twelve months of depreciation are taken in the first year for assets purchased between July 1<sup>st</sup> and December 31<sup>st</sup>, and 6 months of depreciation are taken in the first year for assets purchased between January 1<sup>st</sup> and June 30<sup>th</sup>.
- 6.0 Capital Asset inventory shall be maintained by using a computer spreadsheet.
- 7.0 The following chart shall be used to determine thresholds, depreciation status, and useful lives:

Asset Type	Inventory Control	Capitalize if >	Depreciate Y/N	Useful Life
<u><b>Non-Infrastructure</b></u>				
Land:	\$1	\$25,000	N	N/A
Land Improvements:	\$1	\$25,000	Y	20
Buildings:	\$1	\$100,000	Y	40
Building Improvements:	\$50,000	\$150,000	Y	20
Construction in Progress		(1)	N	N/A
Equipment				
Public Works Equipment	\$10,000	\$50,000	Y	10
Other Equipment	\$2,000	\$25,000	Y	10
Vehicles	\$2,000	\$25,000	Y	5
Furnishings				
General Furnishings	\$2,000	\$25,000	Y	10
Library books	\$1	\$5,000	Y	10

Asset Type	Inventory Control	Capitalize if >	Depreciate Y/N	Useful Life
<u>Infrastructure</u>				
Highways				
Initial building of road beds	\$25,000	\$150,000	Y	40
Paved roads	\$25,000	\$150,000	Y	20
Unpaved	\$25,000	\$150,000	Y	50
Lighting Systems	\$25,000	\$150,000	Y	10
Signs/Guardrails	\$25,000	\$150,000	Y	5
Water & Sewer Systems	\$25,000	\$150,000	Y	50
Drainage Systems	\$25,000	\$150,000	Y	50
Easements	\$25,000	\$150,000	N	N/A

(1) Capitalize only if total cost is anticipated to exceed capitalization threshold

Approved:  
June 4, 2012

## Appendix C

### TOWN OF MONTAGUE SURPLUS DISPOSAL POLICY

- A. Purpose – The Town of Montague Surplus Disposal Policy provides written procedures for the disposal of tangible supplies and equipment with an estimated net value of less than \$5,000. The disposal of supplies and equipment with a value equal to or greater than \$5,000 must be done according to Massachusetts General Laws Chapter 30B Section 15.
- B. Definitions
1. Surplus – Supplies and equipment no longer useful to the Town of Montague, but having resale or salvage value of ten dollars or more.
  2. Estimated net value – The estimated resale or salvage value as determined by the Department Head with custody of the supply or equipment. Such estimated value may be based on cost less depreciation, known cost of similar items in similar condition, estimates from consultants, or the judgment of the Department Head. The estimated net value shall be reviewed by the Chief Procurement Officer for reasonableness.
  3. No-Value Surplus - Supplies and equipment no longer useful to the Town of Montague, and having resale or salvage value of less than ten dollars.
  4. Computer – A personal computer or file server.
  5. Non-Profit – An organization which has charitable status under IRS code 503(c).
- C. Process
1. The Chief Procurement Officer shall designate an item or group of similar items as Surplus or No-Value Surplus upon the written request of the department head. The designation will include the estimated net value of the item.
  2. All designations of Surplus and No-Value Surplus shall be submitted to the Town Accountant in writing so that inventory records can be updated.
  3. No-Value Surplus shall be disposed of as normal trash in conformance with solid waste disposal regulations. If there are any questions regarding the correct disposal of an item, contact the Highway Department. (All disposal of electronic equipment must be done through the Highway Department. Contact Superintendent of Streets for details.)
  4. A listing shall be made of all surplus items including the date identified as surplus, the estimated net value, the current location, and the town employee to contact regarding each item. This listing shall be made public by posting at the Town Hall.
  5. Interested parties shall contact the employee listed and submit a sealed, written bid for the item. The bid shall contain a description of the item bid upon, the name, address, and phone number of the person submitting the bid, and the amount of the bid. Non-profits which are interested in the item, but who do not wish to submit a bid for the item shall submit a notification of interest. The notification shall contain a description of the item of interest, the name, address, and phone number of the non-profit, and the name of a contact person.
  6. Ten business days after an item is publicly posted as Surplus, the employee shall open all bids received for the item and determine the highest bid. If there is more than one bid for that amount, a name shall be picked randomly from that group. The employee will then notify the successful bidder and arrange for the item to be picked up.
  7. The successful bidder is responsible for picking up the item. At or prior to the time of pickup, the successful bidder must present a check, payable to the Town of Montague, in the amount of the bid to the employee in order to take custody of the item.
  8. If no bid is received within the ten business days, the employee shall offer the item to a non-profit that submitted a notification of interest. If there is more than one notification of interest, the names of all interested non-profits shall be placed in a container and the employee will randomly pick a name.
  9. If there is no bid or notification of interest for an item, the item shall be disposed of as normal trash in conformance with solid waste disposal regulations. If there are any questions regarding the correct disposal

of an item, contact the Highway Department. (All disposal of electronic equipment must be done through the Highway Department. Contact the Superintendent of Streets for details.)

10. Final disposition of all Surplus and No-Value Surplus shall be given to the Town Accountant in writing so that inventory records can be updated.

D. Miscellaneous

1. Computers designated as surplus shall have the hard drive removed. A designated employee shall keep the hard drives until such time that the hard drive can be disposed of properly. This is to ensure that unauthorized persons can not retrieve sensitive or protected data from the reformatted hard drive.
2. Any equipment disposed of under this policy shall have no real or implied warranty, and the recipient accepts the item without any guarantee of usefulness.
3. The Chief Procurement Officer shall decide whether the estimated net value and designation as Surplus or No-Value Surplus is determined for a specific item or a group of similar items.

Approved February 24, 2003

## Appendix D

## Town of Montague

### SCHEDULE OF DEPARTMENTAL BILLS PAYABLE

*To the Accounting Officer:*

The following-named bills of the \_\_\_\_\_, amounting in the aggregate to \_\_\_\_\_ and \_\_\_\_/100 dollars have been approved by the \_\_\_\_\_, and you are requested to place them on a warrant for payment. I also hereby certify that all applicable bid/procurement requirements have been met in accordance with Massachusetts General Laws.

Date \_\_\_\_\_

Signature \_\_\_\_\_

[illegible]

## Appendix E

**TOWN OF MONTAGUE**

## SCHEDULE OF DEPARTMENTAL PAYMENTS TO TREASURER

No.

Department: \_\_\_\_\_

Date \_\_\_\_\_

Account #	Receipt Description	Doc #	Cash	Check	Total
TOTAL			0		

The above is a detailed list of monies collected by me, amounting in the aggregate to

\$ dollars for the period ending

which I have paid to the Treasurer.

Received	\$
Treasurer's Office	

Signature of person remitting

Signature of Department Head

This form should be printed in triplicate and signed by the department and Treasurer's staff. One copy is retained by the department, one copy goes to the Town Accountant, and one copy stays with the Treasurer.

## Appendix F

### 3 PRICE QUOTE TALLY SHEET

To be used for any supply or service procurement that costs \$5,000 to \$25,000.

Price quotes over \$5,000 must be in writing from the vendor.

MGL Chapter 30B, Section 4(a) states: "seek ... quotations from ... persons customarily providing such supply or service".

A COPY OF THIS AND ALL OTHER DOCUMENTATION MUST BE KEPT IN YOUR RECORDS AND ONE SET SHOULD BE ATTACHED TO THE INVOICE (AND PURCHASE ORDER) WHEN SUBMITTED FOR PAYMENT.

**This information must be kept on file for at least SIX YEARS from the date of final payment.**

**Provide a detailed description of the product and/or services on the back of this form, and complete this section for a minimum of three price quotes.**

**VENDOR #1**    **Quoted Price:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Company Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Contact Person:** \_\_\_\_\_  
**Notes:** \_\_\_\_\_

**VENDOR #2**    **Quoted Price:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Company Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Contact Person:** \_\_\_\_\_  
**Notes:** \_\_\_\_\_

**VENDOR #3**    **Quoted Price:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Company Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Contact Person:** \_\_\_\_\_  
**Notes:** \_\_\_\_\_

**Recommend Procurement from:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

**Reason:** \_\_\_\_\_

I certify that I have attached all backup documentation for the above procurement.

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_





## Appendix G

Accounting Use Only  
Asset # \_\_\_\_\_  
Inventory \_\_\_\_\_  
Capitalize \_\_\_\_\_ Life \_\_\_\_\_  
Form Revision: Feb 2012

### Town of Montague Capital Acquisition and Disposal Form

#### Purchase/Acquisition

Department \_\_\_\_\_

Description of Asset \_\_\_\_\_

\_\_\_\_\_

Serial Number or Comparable ID# \_\_\_\_\_

Departmental ID \_\_\_\_\_

Purchase Date \_\_\_\_\_ Vendor \_\_\_\_\_

Cost \_\_\_\_\_ Funding Source \_\_\_\_\_

Estimated useful life \_\_\_\_\_ years

#### Transfer

Asset Transfer Date \_\_\_\_\_

Asset transferred to \_\_\_\_\_

#### Disposal

Disposal Date \_\_\_\_\_ Disposal Type \_\_\_\_\_

Sale Price/Trade-in Value \_\_\_\_\_

If used as trade-in, what was purchased? \_\_\_\_\_